

STATE OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
BOARD FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS

FINAL STATEMENT OF REASONS

Hearing Date: April 26, 2002

Subject Matter of Proposed Regulations: Exam application and license renewal fees.

Sections Affected: Title 16, California Code of Regulations, Section 407

Updated Information: On October 21, 2002, the Board issued a 15-day Notice of Modified Text that reduced the application fee for the professional engineer and professional land surveyor from the originally proposed amount of \$350 to \$275; and also reduced the biennial renewal fee from \$160 to \$150 for licenses that expire on or after July 1, 2003 and to \$100 for all licenses that expire on or after July 1, 2005 and thereafter. In preparation of the Modified Text, the Board relied upon the following updated information that was noticed March 12, 2003.

1. Agenda Item, "Adoption to Amendments to Board Rule 407," for November 14-15, 2002 Board Meeting, including minutes of meeting as approved at the January 23, 2003 Board Meeting.
2. Analysis of Exam Licensure Fees for States Comparable to California.
3. Title Act Study, Chapter 3, Engineering Licensure in California and its Comparison States.
4. Exam Program Costs – Fiscal Year 2001-02.
5. Fund Conditions, prepared December 30, 2002 that show the fiscal impact of alternatives considered.

A Notice of Availability of Documents Added to Rulemaking File was issued March 12, 2003 for the documents listed above.

Local Mandate: A mandate is not imposed on local agencies or school districts.

Business Impact: This regulation will not have a significant adverse economic impact on businesses.

Consideration of Alternatives:

Alternatives considered that are in addition to those included in the Initial Statement of Reasons are identified below.

- 1) An across-the-board cost-averaged PE/PLS application fee of \$275 and EIT/LSIT application fee of \$100 with a corresponding \$150 biennial renewal license fee (effective for licenses that renew up to June 30, 2005) and a \$100

biennial renewal fee for those licenses that renew on or after July 1, 2005. This alternative will provide the Board with an adequate revenue reserve to absorb cost increases and/or exam application revenue declines the Board experiences in Fiscal Year 2004-05 and thereafter. This alternative keeps the Board within the Department of Finance's limit of a six-month reserve.

- 2) An across-the-board cost-averaged PE/PLS application fee of \$275 and EIT/LSIT application fee of \$100 with a corresponding \$120 biennial renewal license fee. This alternative will not provide the Board with an adequate revenue reserve to absorb cost increases and/or exam application revenue declines the Board experiences in Fiscal Year 2004-05. The Board has received notice from its national organization (NCEES) that they will increase their grading costs in Fiscal Year 2004-05 for the Land Surveyor and Professional Engineer Exams. Because the Board's budget cannot accommodate the projected \$200,000 increase, the Board will need to submit a BCP to use funds from its reserve fund. This dollar amount will not be available in the Board's reserve with this alternative. This alternative also boosts the Board's reserve to more than the Department of Finance's recommended limit of six months in Fiscal Year 2007-08.
- 3) An across-the-board cost-averaged PE/PLS application fee of \$300 and EIT/LSIT application fee of \$100 with a corresponding \$120 biennial renewal license fee. While this alternative will provide the Board with an adequate revenue reserve to absorb the Board's NCEES exam grading cost increases for which a BCP will be submitted, it leaves less than one-month's reserve remaining. In the event the Board's exam population revenue declines, the Board's revenue will not be adequate to support its expenditures and a deficit will occur. Historical exam population revenue fluctuations and various cost of living increases the Board must support dictate the Board maintain at least a two-month reserve. This alternative also boosts the Board's reserve to more than the Department of Finance's recommended limit of six months in Fiscal Year 2007-08.
- 4) An across-the-board cost-averaged PE/PLS application fee of \$300 and EIT/LSIT application fee of \$100 with a corresponding \$120 biennial renewal license fee effective for licenses that renew up to June 30, 2005 and a \$100 biennial license renewal for licenses renewing from July 1, 2005 and thereafter. With this alternative, the Board's fund reserve amount is the same in FY 2004-05 as in Alternative #2 leaving a very minimal reserve available to support expenses in the instance the exam population revenue declines.

Summary of Comments Received and Board Response

A summary of comments received regarding this rulemaking file and the Board's response to those comments are included in this Final Statement of Reasons. The actual written comments received are contained in the rulemaking file under Tab 10. The transcript of the public hearing is contained in the Rulemaking file under Tab 9.

Due to the large volume of written responses received prior to the April 26, 2002 deadline for the initial regulatory hearing, the Board responded by proposing modifications in a 15-day re-notice dated October 21, 2002. A Notice of Availability of Documents added to Rulemaking File was sent out March 12, 2003. The comments and responses for the April 26, 2002 initial hearing will be identified below separately from those comments received from the 15-day notices, each in alphabetical order. Some email comments received during the initial public comment period warranted a response and/or clarification. The Board's responses providing clarification are also included with the comments under Tab 7.

Comments received with similar responses are grouped together in the identification of names of those commenting, the summary of the concerns expressed, and the Board's response provided. Comments received from licensees identify the license type of those licensees if provided.

COMMENTS FROM INITIAL NOTICE DATED APRIL 26, 2002

COMMENTS:

Mr. A-K., Ph.D., P.E.; Mr. M., C.E., L.S.; Mr. N., T.E.; Mr. M., L.S.; Ms. L.; Mr. S.; Ms. P.:

All commented in opposition to the proposed change to a two-year renewal period and in opposition to the proposed fee increases for application and license renewals. Some of these comments stated they disagreed with the identified impact of the Board's proposed change to a two-year renewal indicating that the shorter renewal period would create more work and expenses for the Board and for licensees, some of which will have to change their stamps. Some also indicated that California has licensure fees higher than most other states.

RESPONSE: The Board rejects the comments regarding the additional work that will be incurred with a shorter renewal period. The appropriate time to comment would have been during the legislative process. SB 136 (Statutes of 2001, Ch. 495) requires the Board to reduce the renewal period from four years to two years as stated in Business and Professions (B&P) Code Section 6795. As such, the statute dictates the scope of the regulation.

The Board accepted the comments regarding the proposed increases in fees for license renewals and for exam applications. In response, the Board lowered the initial proposed renewal fee by \$10 (from \$160 every two years to \$150 (an 88% increase) effective from July 2, 2003 to June 30, 2005). The \$150 fee will be lowered by another \$40 (a 25% increase) effective from July 1, 2005 and thereafter. The Board also lowered the proposed professional engineer and land surveyor exam application fee from \$350 to \$275 (a 57% increase). The reduced fees are based on the Board's re-analysis of its fund condition including recent expense reductions. A 15-day re-notice was mailed to all interested parties regarding this fee modification on October 21, 2003 with public comment due November 5, 2003.

The Board rejects the comments that California has the highest licensure fees when compared to other states for licensure in the engineering field. While it is true many other states have lower licensure fees, the cost of some of the exams offered in these other states should also be considered. Many states do not offer exams and licensure for many of the different engineering disciplines that California is mandated to offer (i.e., Structural and Geotechnical). The overall exam and licensing costs for states that do not offer these disciplines will be much lower than California's costs and consequently the costs to licensees and/or examinees much lower. The Board surveyed 10 other states in setting its proposed fee structure. The 10 states selected were those identified in the Engineering Title Act Study as comparable to California. The Study was prepared by the California State Institute for Social Research and submitted to the California Legislature November of 2002. Based on this survey, California's Engineer-in-Training (EIT), Land Surveyor-in-Training (LSIT), and Structural Engineering exam costs are lower than these 10 comparable states. In terms of overall total costs, from EIT and/or LSIT to licensure, California's costs are lower than the majority of those identified.

COMMENTS:

Mr. L; Mr. Sing, T.E., C.E.; Mr. L.; Mr. L.; Mr. S.; Mr. N.; Mr. T.; Mr. D.; Mr. K.; Mr. L.; Mr. L.; Mr. P.; Mr. A.; Mr. C.; Mr. C.; Mr. T.; Mr. T.; Mr. T.; Mr. A.; Ms. N.; Mr. N.; Mr. N.; Mr. N., P.E.; Mr. S.; Mr. N.; Mr. M.; Mr. N.; Mr. G., CE; Mr. S.; Ms. S.; Mr. T.; Mr. B.; Mr. B.:

These respondents commented in opposition to the proposed fee increases for exam applications and license renewals. Several suggested the application fee is burdensome and should be lowered for applicants who re-apply because they don't pass the exam the first time. Specifically, these respondents felt the lower fee for re-examinees was justified since the Board's exams have a low percentage pass rate and because re-examinee applications don't need to be evaluated as extensively as for first-time applications thus costing the Board less.

RESPONSE: The Board accepts the comments regarding the proposed fee increases for license renewals and for exam applications. In response, the Board lowered the initial proposed renewal fee by \$10 (from \$160 every two years to \$150 (an 88% increase) effective from July 2, 2003 to June 30, 2005). The \$150 fee will be lowered by another \$40 (a 25% increase) effective from July 1, 2005 and thereafter. The Board also lowered the proposed professional engineer and land surveyor exam application fee from \$350 to \$275 (a 57% increase). The reduced fees are based on the Board's re-analysis of its fund condition including recent expense reductions. A 15-day re-notice was mailed to all interested parties regarding this fee modification on October 21, 2003 with public comment due November 5, 2003.

The Board also accepts the comments regarding those who must re-take exams (re-examinees). In response, however, no changes are required to be made to

the language as noticed. The Board's overall cost of exam application evaluations is insignificant compared to the total cost to develop, administer and grade the exams. For this reason, the Board's fee structure does not include a lower rate for re-examinees. In development of the proposed fee structure for exam applicants, the Board has considered many alternatives as outlined in this Final Statement of Reasons and in the Initial Statement of Reasons. An across-the-board cost-averaged exam application fee for all of the Board's Professional Engineer (PE) and Professional Land Surveyor (PLS) exam disciplines was determined the most feasible fee structure in terms of providing the most reasonable fee to all applicants regardless of their exam filing status and/or the type of exam they choose to take. This fee structure enables the Board to evenly distribute the total cost for all exams to each applicant resulting in one fee for the PE/PLS exams, including re-examinees, and one fee for the EIT/LSIT exam applicants, also including re-examinees.

The fee structure also accommodates EIT and LSIT exam applicants by purposefully setting their fees lower in recognition that many of these applicants are college students unable to afford the higher rate. The Exam Program Costs for FY 2001-02, included under the Updated Information of this Final Statement of Reasons, shows that the EIT and LSIT cost per examinee is much higher than the proposed application fee (\$166 for EIT and \$180 for LSIT). Setting a higher fee for PE/PLS exam applicants thus absorbs the difference and/or shortfall of application revenue to the actual cost. In the same manner, the higher cost for the Board's state specific exams (Civil, Geotechnical, Land Surveyor, Structural, and Traffic) is absorbed by spreading all exam costs to all PE/PLS applicants. Setting a fee based on the actual cost for these state-specific exams would create a fee of more than \$800 for most of these applicants.

COMMENTS:

Mr. B., representing the California Association of Professional Employees (CAPE); Mr. R.; Mr. P.:

Commented in opposition to the proposed increase in fees for exam applications and license renewals. Mr. B. indicated he represents hundreds of registered engineers and land surveyors who work for the County of Los Angeles. All of these respondents requested the Board phase in the cost increases gradually over an extended period of time.

RESPONSE: The Board accepted the comments regarding the proposed fee increases for license renewals and for exam applications. In response, the Board lowered the initial proposed renewal fee by \$10 (from \$160 every two years to \$150 (an 88% increase) effective from July 2, 2003 to June 30, 2005). The \$150 fee will be lowered by another \$40 (a 25% increase) effective from July 1, 2005 and thereafter. The Board also lowered the proposed professional engineer and land surveyor exam application fee from \$350 to \$275 (a 57% increase). The reduced fees are based on the Board's re-analysis of its fund condition including recent expense reductions. A 15-day re-notice was mailed to all interested parties

regarding this fee modification on October 21, 2003 with public comment due November 5, 2003.

The Board rejects the suggestion that the cost increases be phased in gradually over an extended period of time. The Board's expenditures have been in excess of its revenue since Fiscal Year 1997-98 and the shortfall has been absorbed by the Board's reserve fund. The reserve fund will be depleted by Fiscal Year 2004-2005 (July 1, 2004 to June 30, 2005) at which time the Board will be unable to meet its Fiscal Year 2004-2005 projected expenditures due to a deficiency of revenue. The proposed fee increases will enable the Board to meet its expenditures in beginning with FY 2004-05 and to build up a revenue reserve as required by the Department of Finance. For this reason, the fee increases cannot be slowly phased in slowly over time but instead must become effective during Fiscal Year 2003-2004 (July 1, 2003 to June 30, 2004).

COMMENT from Ms. X: Commented in opposition to the proposed 100% increase in fees for PE and PLS exam applications. She suggested the application fees should increase by 25% at a time and that the EIT application fee be increased to only \$70.

RESPONSE: The Board accepts the comment regarding the proposed fee increases for PE and PLS exam applications. In response, the Board lowered the initial proposed renewal fee by \$10 (from \$160 every two years to \$150 (an 88% increase) effective from July 2, 2003 to June 30, 2005). The \$150 fee will be lowered by another \$40 (a 25% increase) effective from July 1, 2005 and thereafter. The Board also lowered the proposed professional engineer and land surveyor exam application fee from \$350 to \$275 (a 57% increase). The reduced fees are based on the Board's re-analysis of its fund condition including recent expense reductions. A 15-day re-notice was mailed to all interested parties regarding this fee modification on October 21, 2003 with public comment due November 5, 2003.

The Board rejects the suggestion that the application fee for the professional engineer and professional land surveyor exams should be increased by 25% at a time and that the EIT exam application fee be increased to only \$70. These suggested fee increase amounts will place the Board's reserve fund below one-month's reserve in Fiscal Year 2004-2005 (identified under Alternatives in this Final Statement of Reasons). The Board's historical expense and revenue fluctuations justify a fund reserve of no less than two-months and the Department of Finance recommends the Board maintain at least a three-month reserve. This reserve amount is needed for possible revenue declines due to exam application drops and for possible fee increases the Board experiences such as increases in grading costs imposed for exams purchased from its national organization. Without at least two months reserve, such increases cannot be absorbed within the Board's current budget.

COMMENT from Mr. E.: Commented there was no reason stated for the increase in renewal fees and noted that the renewal period decrease from four years to two years would create a 100% fee increase. He further questioned what benefits would be derived from reducing the renewal period.

RESPONSE: The Board rejects this comment that no reason was stated for the increase in renewal fees. The original notice published by the Office of Administrative Law, dated March 8, 2002, indicates interested parties can obtain the Initial Statement of Reasons for the proposed fee increase upon request from the Board.

The Board accepted the comment regarding the 100% increase in the renewal fee. In response, the Board lowered the initial proposed renewal fee by \$10 (from \$160 every two years to \$150 (an 88% increase) effective from July 2, 2003 to June 30, 2005). The \$150 fee will be lowered by another \$40 (a 25% increase) effective from July 1, 2005 and thereafter. The reduced fees are based on the Board's re-analysis of its fund condition including recent expense reductions. A 15-day re-notice was mailed to all interested parties regarding this fee modification on October 21, 2003 with public comment due November 5, 2003.

COMMENT from Mr. T.: Commented in opposition to the reduction in the renewal period from four years to two years. He indicated that the Board's Fiscal Impact did not address the change to the shorter renewal period. Specifically, he commented that the Board's costs and work will double, stating that the Board should disclose these additional costs that will result from the shorter renewal period.

RESPONSE: The Board rejects these comments. The appropriate time to comment would have been during the legislative process. The fiscal impact is irrelevant in that SB 136 (Statutes of 2001, Ch. 495) requires the Board to reduce the renewal period from four years to two years as stated in Business and Professions (B&P) Code Section 6795. As such, the statute dictates the scope of the regulation.

COMMENTS:

Ms. M.; Mr. B.; Mr. P.; Ms. P.; Mr. H.; Ms. G.; Mr. A.; Mr. K.; Mr. L.; Ms. Y.; Mr. D.; Mr. G.; Mr. A.; Mr. T.; Mr. M.; Mr. F.; Mr. S.; Mr. K.; Mr. A.; Ms. S.; Mr. L.; Mr. L.; Mr. M.; Mr. R.; Ms. C.; Mr. H.; Ms. A.; Mr. C.; Mr. M.; Mr. S.; Mr. O.; Mr. V.; Ms. S.; Mr. M.; Ms. G.; Mr. A.; Mr. V.; Mr. B.; Mr. J.; Ms. M.; Mr. I.; Mr. B.; Mr. N.; Mr. D.; Mr. M.; Mr. H.:

Most of these respondents were identified as "registered and unregistered engineers" commenting in opposition to the proposed increase in fees for PE, EIT, and LSIT applicants in addition to the decrease of the license renewal period. They specifically commented that the administration of the exams should not be

costly to the state since the proctors are “volunteers without pay or minimal pay,” and the places where the exams are usually conducted are either “public or semi-public” which should be at a minimal cost to the state. All of these respondents stated that because a low percentage of examinees pass the Board’s exams, many are required to re-take the exam three to four times before they actually pass adding up to “a cost of more than \$1,500 before an engineer can become registered.”

RESPONSE: The Board accepted the comments regarding the fee increase amounts proposed for exam applicants and for license renewals. In response, the Board lowered the initial proposed renewal fee by \$10 (from \$160 every two years to \$150 every two years effective from July 2, 2003 to June 30, 2005) and by another \$40 (\$100 every two years) effective from July 1, 2005 and thereafter. The Board also lowered the proposed professional engineer and land surveyor exam application fee from \$350 to \$275. The reduced fees are based on the Board’s re-analysis of its fund condition including recent expense reductions. A 15-day re-notice was mailed to all interested parties regarding this fee modification on October 21, 2003 with public comment due November 5, 2003.

The Board rejects the comments opposing the shorter renewal period. The appropriate time to comment would have been during the legislative process. SB 136 (Statutes of 2001, Ch. 495) requires the Board to reduce the renewal period from four years to two years as stated in Business and Professions (B&P) Code Section 6795. As such, the statute dictates the scope of the regulation.

The Board rejects the comments that the administration of the Board’s exams are not costly. The Board’s specific costs by exam type are outlined in this Final Statement of Reasons, under Updated Information, identified as Exam Program Costs for FY 2001-02. The Board’s exam administration costs amount to over 30% of the total cost to administer the Board’s exams. Proctors are paid an hourly rate, are reimbursed for travel expenses they incur, and do not work on a volunteer basis. The facilities the Board must rent to conduct the exams are rented to the state at a substantial cost with no discount given because the function is related to state business.

The Board accepts the comments regarding the cost of re-taking exams for those examinees that do not pass their first exam. In response, however, no changes are required to be made to the language as noticed. The Board’s overall cost of exam application evaluations is insignificant compared to the total cost to develop, administer and grade the exams. This is one of the reasons why the Board’s fee structure does not include a lower rate for re-examinees. In development of the proposed fee structure for exam applicants, the Board has considered many alternatives as outlined in this Final Statement of Reasons and in the Initial Statement of Reasons. An

across-the-board cost-averaged exam application fee for all of the Board's PE/PLS exam disciplines was determined the most feasible fee structure in terms of providing the most reasonable fee for all applicants regardless of their exam filing status and/or the type of exam they choose to take. This fee structure enables the Board to evenly distribute the total cost for all exams to each applicant resulting in one fee for the PE/PLS exam applicants, including re-examinees, and one fee for the EIT/LSIT exam applicants, also including re-examinees.

The fee structure also accommodates EIT and LSIT exam applicants by purposefully setting their fees lower in recognition that many of these applicants are college students unable to afford the higher rate. The Exam Program Costs for FY 2001-02, included under the Updated Information of this Final Statement of Reasons, shows that the EIT and LSIT actual cost per examinee is much higher than the proposed application fee for these applicants (a cost of \$166 for EIT and \$180 for LSIT). Setting a higher fee for PE/PLS exam applicants thus absorbs the shortfall of EIT/LSIT application revenue to the actual cost of these exams. In the same manner, the higher cost for the Board's state specific exams (Civil, Geotechnical, Land Surveyor, Structural, and Traffic) is absorbed by spreading all exam costs to all PE/PLS applicants. Setting a fee based on the actual cost for these state-specific exams the Board is mandated to offer would create an application fee of more than \$800 for most of these applicants. Such a fee would definitely discourage licensure for those interested in becoming licensed in these disciplines.

BOARD'S RESPONSES TO INITIAL COMMENTS REQUESTING CLARIFICATION:

Comment from Mr. A-K. regarding the Board's intent of the proposed regulations to reduce the license renewal period.

RESPONSE: The Board rejects the comments opposing the shorter renewal period. The appropriate time to comment would have been during the legislative process. SB 136 (Statutes of 2001, Ch. 495) requires the Board to reduce the renewal period from four years to two years as stated in Business and Professions (B&P) Code Section 6795. As such, the statute dictates the scope of the regulation.

COMMENTS FROM RE-NOTICE DATED OCTOBER 21, 2002

COMMENTS from Ms. K.: Commented that, if the Board needs to increase fees, it should be incremental. She further commented that the proposed \$275 fee would act as a "disincentive" for engineers who have trouble passing all three of the civil exams required to become licensed as a Civil engineer in California.

RESPONSE: The Board rejects the suggestion for an incremental fee increase. The Board's expenditures have been in excess of its revenue since Fiscal Year 1997-98 and the shortfall has been absorbed by the Board's reserve fund. The reserve fund will be depleted by Fiscal Year 2004-2005 (July 1, 2004 to June 30, 2005) at which time the Board will be unable to meet its Fiscal Year 2004-2005 projected expenditures due to a deficiency of revenue. The proposed fee increases will enable the Board to meet its expenditures beginning with FY 2004-05 and to build up a revenue reserve as required by the Department of Finance. For this reason, the fee increases cannot be slowly phased in over time but instead must become effective during Fiscal Year 2003-2004 (July 1, 2003 to June 30, 2004).

The Board accepts the comment regarding the cost of the three civil exams. In response, however, no changes are required to be made to the language as noticed. The Board already requires only one application fee from applicants who wish to take all three of the Board's Civil exams during the same exam administration. The Board cannot recover the cost to develop, administer and grade these exams if it were to provide any further discounts, including to examinees that do not pass their test the first time. The overall cost of exam application evaluations is insignificant compared to the total cost to develop, administer and grade the exams. This is one of the reasons why the Board's fee structure does not include a lower rate for re-examinees.

COMMENT from Mr. C.: Commented in opposition to the reduced renewal period. Specifically, his objection relates to the need to order new stamps, update electronic stamp used for drawings, update contracts, and added plotting needed because the expiration occurred during the approval/review by the County/City.

RESPONSE: The Board rejects the comments opposing the shorter license renewal period. The appropriate time to comment would have been during the legislative process. SB 136 (Statutes of 2001, Ch. 495) requires the Board to reduce the renewal period from four years to two years as stated in Business and Professions (B&P) Code Section 6795. As such, the statute dictates the scope of the regulation.

COMMENT from Mr. F.: Commented in agreement that a reasonable increase would be necessary to constitute two Land Surveyor Exams in one year. He suggested the Board save in expenses by rescinding the plastic, mechanical pencil cost and requirement.

RESPONSE: The Board accepts these comments. In response, however, no changes are required to be made to the language as noticed. The Board's national organization from which it purchases most of its exams recently began requiring the purchase of its mechanical pencils in conjunction with the purchase of their exams. They require all examinees taking their exams to use these pencils. This requirement was initiated by the national organization to eliminate the chances of

exam subversion that could occur if a candidate were to use a pencil scanning device during an exam. While this requirement only applies to examinees that take the national exams, it is the Board's policy decision to purchase additional pencils also for examinees that take the Board's state-specific developed exams. The purchase of mechanical pencils for all examinees regardless of which exam they take provides consistency in exam procedures. To save on the cost of space, some examinees take different exams in the same exam room at the same time. Separate requirements within the same room for different examinees could create unnecessary confusion for both proctors and examinees. Such confusion could subject the Board to lawsuits from examinees who fail the exam due to loss of time as a result of conflicting procedures.

COMMENT from Mr. S.: Commented in opposition to the proposed fee increases for PE and EIT exam applications. He requested the Board consider a lower rate hike.

RESPONSE: The Board rejects these comments. The initial proposed fee increases were already lowered to a level that will provide adequate revenue so that the Board can meet its projected expenditures in Fiscal Year 2004-05. The Board's expenditures have been in excess of its revenue since Fiscal Year 1997-98 and the shortfall has been absorbed by the Board's reserve fund. The reserve fund will be depleted by Fiscal Year 2004-2005 (July 1, 2004 to June 30, 2005) at which time the Board will be unable to meet its Fiscal Year 2004-2005 projected expenditures due to a deficiency of revenue. The proposed fee increases will enable the Board to meet its expenditures in beginning with FY 2004-05 and to build up a revenue reserve as required by the Department of Finance.

COMMENT FROM NOTICE DATED MARCH 12, 2003:

COMMENT from Mr. B. stating he agreed with the exam application fee increase for applicants taking any of the 8-hour examinations. However, he suggested a fee category be added for Civil Engineering applicants who need to take only one or two of the state-specific exams (Civil Seismic and Civil Surveying) as each of these exams is 2.5 hours and should not cost as much as an 8-hour exam. He reasons that the cost should be less for these exams because they are administered in less time. Lastly, he commented that the engineering exam application fees are lower in Nevada, Oregon, and Utah.

RESPONSE: The Board rejects the suggestion that a separate fee category be added for applicants who need to take only one or two of the state-specific exams. In response, however, no changes are required to be made to the language as noticed. The Board already requires only one application fee from applicants who wish to take all three of the Board's Civil exams during the same exam administration. The Board cannot recover the cost to develop, administer and grade these exams if it were to provide any further discounts, including to examinees that do not pass their test the first time nor for those who elect to take only one of the civil exams. The only difference between first-time examinees and

re-examinees is that the exam application may require less time to process for re-examinees. However, the overall cost of exam application evaluations is insignificant compared to the total cost to develop, administer and grade the exams. This is one of the reasons why the Board's fee structure does not include a lower rate for re-examinees.

Additionally, the cost to administer an exam is not less for exams that are shorter than 8 hours due to facility set up and tear down time required. For this reason, the Board is charged a full day facility rental fee for exams less than 8 hours in length. With regard to the cost of proctors, the Board is required to pay them a 4-hour minimum salary plus travel expense reimbursement.

Lastly, in setting the proposed exam application fee structure, the Board evaluated fee structures of Engineering and Land Surveyor boards in other states comparable to California. The Board determined its exam application fees to be comparable to other states similar to California in terms of population size, density, percent urban, and amount of building activity. States determined similar and/or comparable to California included Ohio, North Carolina, Pennsylvania, Rhode Island, Florida, Illinois, New Jersey, Massachusetts, New York, and Texas. The Institute for Social Research (ISR) at the California State University, Sacramento, recently conducted a study entitled "The Engineering Title Act Study," dated November 2002, in which these ten states were determined to be states most comparable to California. The methodology used by the ISR to determine these states comparable is explained on Page 12 of the Study and was available for public inspection during the notice period March 12, 2003, to March 28, 2003. Also, an "Analysis of Exam Licensure Fees for Sites Comparable to California" was prepared by the Board and was available for public inspection during the same notice period ending March 28, 2003.